Cases of fraud in Banks

924. SHRI KRISHAN LAL SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that cases of fraud in the banking industry of the country are on increase;

(b) if so, the nature and number of frauds detected in the industry during the last three years;

(c) the names of the banks and designations of the officers involved in these frauds;

(d) what action has been taken in each case of fraud; and

(e) whether any machinery is being evolved to do away with such frauds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The bank wise information readily available relating to number of frauds which took place in India during the years, 1991-1992 and 1993 (upto September, 1993) is given in Statement. (*See* below) According to RBI, most of the frauds have taken place in the reas of bill portfoiia, fraudulent alteration in instruments, removal of stocks charged to the bank, fraudulent withdrawals in deposit accounts, bills returned unpaid, fradulent money transfers and encashment of demand drafts etc.

RBI have reported that they do not have a system of compiling and classifying information according to the designation of the offiers involved.

(d) and (e) Whenever a fraud is detected by a bank or is brought to its notice, a preliminary investigation is made by the bank. Based on the findngs, a decision is taken to conduct a thorough investigation departmentally or to hand over the local police or to the CBI. According to guidelines, normally cases involving more than Rs. 1 lakh are to be referred to the CBI for investigation. On the CBI, banks hold regular departmental action and award punishment to the staff who are found responsible for the frauds. The Polie and CBI also file criminal cases for prosecution in Courts.

The public sector banks at the instance of Government and RBI have taken several steps from time to time for prevention and prompt detection of frauds. These steps include issuing of comprehensive guidelines by RBI for strengthening the control mechanism in banks, review of fraud cases on a continual basis by RBI, setting up a special Investigation Cell in RBI, proper training of operational personnel etc. The banks have also been impressed upon to clear the arrears in balancing of books and reconcilisation of inter-branch and other accounts on a continuous basis so as to prevent frauds in these areas. RBI also monitors the progress made by the banks in in implementation of varjous accepted recommendatins of the Ghosh Committee which enquired into various aspects relating to frauds and malpractices in banks.

Statement

Bank-wise position of frauds in public sector banks in India during the year 1991, 1992 *and* 1993 *(upto Sept.* 1993)

Sl. No.	Name of the Bank	1991 No. of frauds	1992 No. of frauds	1993 upto (Sept. No. of frauds
1	2	3	4	5
1	State Bank of India	457	499	426
2	State Bank of Bikaner & Jaipur	19	21	20
3	State Bank of Hyderabad	14	33	22
4	State Bank of Indore	9	24	16
5	State Bank of Mysore	24	27	17
6	State Bank of Patiala	9	15	22
7	State Bank of Saurashtra	11	10	6
8	State Bank of Travancore	14	21	18
9	Allahabad Bank	34	38	28
10	Andhra Bank	35	41	39
11	Bank of Baroda	79	70	107
12	Bank of India	96	134	127
13	Bank of Maharashtra	12	31	19
14	Canara Bank	115	140	169
15	Central Bank of India	68	50	56
16	Corporation Bank	19	14	23
17	Dena Bank	20	32	19
18	Indian Bank	56	65	27
19	Indian Overseas Bank	60	83	50
20	New Bank of India	19	25	29
21	Oriental Bank of Commerce	7	6	12
22	Punjab National Bank	42	54	55
23	Punjab & Sind Bank	14	6	18
24	Syndicate Bank	116	90	109
25	Union Bank of India	65	44	46
26	United Bank of India	24	26	33
27	UCO Bank	57	39	24
28	Vijaya Bank	40	38	30
	TOTAL	1535	1702	1587